GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:289
ANSWERED ON:17.11.2016
Flexibility in use of Domestic Coal
Vanaroja Smt. R.

Will the Minister of COAL be pleased to state:

(a) whether the Government has approved a proposal to create flexibility in the use of domestic coal;

(b) if so, the details thereof;

(c) whether the said move is expected to reduce the cost of power generation ; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE (I/C) FOR COAL, POWER, NEW AND RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a)&(b):Yes, Madam.The Cabinet on 4th May, 2016 approved the proposal of the Ministry of Power for flexibility in utilization of domestic coal for reducing the cost of power generation. As per the policy, the Annual Contracted Quantity (ACQ) of the each individual coal linkages (as per respective Fuel Supply Agreements) are to be aggregated as consolidated ACQ for each State or the company owning the Central Generating Stations (CGS). For such consolidated ACQ, a Supplementary agreement shall be signed for each State/Company owning the CGS. There shall be a flexibility, in the revised arrangement, for use of such coal amongst the generating stations of the state owned utilities, plants of other state power utilities, company owing the Central Generating Stations and Independent Power Producers, amongst each others as per the methodology issued by CEA. A methodology for implementing the above proposal has been prepared by a committee consisting of the members from MoP, MoC, Ministry of Railways, CERC, NTPC, CIL, POSOCO in consultation with the stakeholders.This methodology has been issued on 08 June, 2016.
(c)& (d): The mechanism envisages to reduce the cost of power generation by using coal in an optimal manner depending upon the efficiency of the generating stations. Central/State generating companies may utilize coal in its own generating stations by considering various factors such as operational efficiency of the generating stations, transportation logistics/ feasibility depending upon location of generating stations, fixed variable charges including transportation cost, relative merit order dispatch of power etc.